GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

STARRED QUESTION NO:236
ANSWERED ON:09.08.2005
FTA IMPACT ON VANASPATI PRODUCTIONS
Sujatha Smt. C.S.

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the number of Vanaspati producing units at present, State-wise;

(b) the number of units closed down during tie last three years along with reasons for their closure, State-wise;

(c) the steps taken by the Government to revive these units;

(d) whether the Government has evaluated the impact of import of finished Vanaspati products having Free Trade Agreement;

(e) if so, the details thereof; and

(f) the steps taken by the Government to safeguard the interests of the indigenous producers and farmers?

Answer

MINISTER OF COMMERCE AND INDUSTRY (SHRIKAMALNATH)

(a) to (f): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (f) OF LOK SABHA STARRED QUESTION No. 236 DUE FOR ANSWER ON 9-08-2005 REGARDING FTA IMPACT ON VANASPATI PRODUCTIONS.

(a) & (b) : The details of number of vanaspati producing units at present and the number of units closed state-wise are furnished in the statement at Annexure. There are various reasons and factors for closure of vanaspati units such as creation of production capacity not commensurate with availability of raw materials, obsolete technology and shift in consumer preference towards soft oils etc.

(c) : Following steps have been taken by the Government to improve the heallh of the domestic vanaspati industry which, inter-alia, are as

(i) On import of certain vegetable oils of edible grade intended for manufacture of vanaspati, custom duty is levied al a concessional rale.

(ii) Definitions / specifications of crude palm oil and crude palmolein have been modified to avail specified custom duty under actual user condition vide Notification No. 7/20o5-Customs dated 4.2.2005. In this notification, lower eligibility limit of total carotenoid for crude palm oil has been revised from 500 mg/kg to 250 mg/kg and acid value for both crude palm oil and crude palmolein from 2 to 4.

(iii) Excise duty on refined edible oils / vanaspati / interesterified fat etc. has been withdrawn vide Notification No. 4/2005-Central Excise dated 1.3.2005.

(iv) The India-Nepal Treaty of Trade has been revised w.e.f. 6.3.2002. Under this revision, the total quantity of duty free import of vanaspati from Nepal has been fixed at one lakh MTs per annum.

(v) Higher use of expeller mustard oil in the manufacture of vanaspati upto 30% has been allowed.

(vi) Use of all edible oils including coconut oil in the manufacture of vanaspati has been allowed.

(d) to (f) : Yes, Sir. The issue has been taken up with both Nepal and Sri Lanka and as stated above the imports of vanaspati from Nepal was limited to 1 lakh MT and canalised through State Trading Corporation (STC).

During the Second Round of Talks at Commerce Secretary level in New Delhi in February 2005, Sri Lankan side informed that they have decided not to grant any new approvals to set up vanaspati units and only 10 approvals have been granted with capacity of 25,000 metric tonnes per annum each.